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Counsel to the Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

ARCHBROOK LAGUNA HOLDINGS LLC, *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 11-13292 (SCC)
)
) Jointly Administered
)

**NOTICE OF FILING *AMENDED* MONTHLY OPERATING
REPORT FOR THE PERIOD FROM SEPTEMBER 1, 2011 TO SEPTEMBER 30, 2011**

PLEASE TAKE NOTICE that, on October 18, 2011, the above-captioned debtors and debtors in possession (collectively, the “*Debtors*”) filed the Monthly Operating Report for the Period from September 1, 2011 to September 30, 2011 (the “*MOR*”) [Docket No. 290].

PLEASE TAKE FURTHER NOTICE that, on October 19, 2011, the Debtors became aware of certain formulaic inconsistencies due to a data input error.

PLEASE TAKE FURTHER NOTICE that on October 21, 2011, the Debtors filed an Amended MOR, attached hereto as **Exhibit A** (the “*Amended MOR*”) which resolves these inconsistencies.

PLEASE TAKE FURTHER NOTICE that a copy of the Amended MOR is available and can be viewed on the Court’s website at <http://www.docket.nysb.uscourts.gov> and on the Debtors’ website at <http://www.archbrookrestructuring.com>. Further information may be obtained by calling the Debtors’ notice and claims agent, The Garden City Group, at 1-888-579-1199.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal taxpayer identification number, are: ArchBrook Laguna LLC (6166); ArchBrook Laguna Holdings LLC (6156); Chimerica Global Logistics LLC (3745); ArchBrook Laguna West LLC (9631); Lehrhoff ABL LLC (6386); Expert Warehouse LLC (4487); and ArchBrook Laguna New York LLC (5385).

New York, New York
Dated: October 21, 2011

/s/ Ira S. Dizengoff
AKIN GUMP STRAUSS HAUER & FELD LLP
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New York, New York 10036
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EXHIBIT A

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

ARCHBROOK LAGUNA HOLDINGS LLC, *et al.*,¹

Debtors.

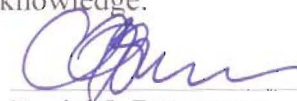
)
) Chapter 11
)
) Case No. 11-13292 (SCC)
)
) Jointly Administered
)

**AMENDED MONTHLY OPERATING REPORT FOR THE
PERIOD FROM SEPTEMBER 1, 2011 TO SEPTEMBER 30, 2011**

Debtors' Address: 350 Starke Road
Suite 400
Carlstadt, NJ 07072

Debtors' Counsel: Ira S. Dizengoff
Alexis Freeman
Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, New York 10036

The undersigned, having reviewed the attached report and being familiar with the Debtors' financial affairs, verifies under penalty of perjury, that the information contained therein is complete, accurate and truthful to the best of my knowledge.



Daniel J. Boverman
Interim Chief Financial Officer
ArchBrook Laguna Holdings LLC

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer identification number, are: ArchBrook Laguna LLC (6166); ArchBrook Laguna Holdings LLC (6156); Chimerica Global Logistics LLC (3745); ArchBrook Laguna West LLC (9631); Lehrhoff ABL LLC (6386); Expert Warehouse LLC (4487); and ArchBrook Laguna New York LLC (5385).

ARCHRBOOK LAGUNA HOLDINGS LLC, ET AL

**Monthly Operating Reports
For the period from September 1, 2011 to September 30, 2011**

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ARCHBOOK LAGUNA HOLDINGS LLC, ET AL
Debtor in Possession

The report includes activity from the following Debtors in these chapter 11 cases, along with the related case numbers:

Debtor	Case No.	Period From September 1 2011, - September 30, 2011 Disbursements
ArchBrook Laguna Holdings LLC	11-13292 (SCC)	--
ArchBrook Laguna New York LLC	11-13290 (SCC)	--
ArchBrook Laguna LLC	11-13293 (SCC)	3,665,194.37
ArchBrook Laguna West LLC	11-13294 (SCC)	--
Expert Warehouse LLC	11-13295 (SCC)	50,151.49
Lehrhoff ABL LLC	11-13296 (SCC)	131,304.54
Chimerica Global Logistics LLC	11-13297 (SCC)	--

I. Global Notes

A. The Chapter 11 Cases

1. Background

On July 8, 2011 (the “**Petition Date**”), ArchBrook Laguna Holdings LLC and certain of its affiliates (collectively, the “**Debtors**”) filed voluntary petitions (the “**Chapter 11 Cases**”) for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”). The Debtors continue to operate their businesses and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On July 18, 2011, the United States Trustee for the Southern District of New York appointed the Official Committee of Unsecured Creditors (the “**Committee**”). Information contained herein may differ from the Debtors’ filings on the Petition Date due to more accurate information becoming available.

On July 28, 2011, the Debtors filed with the Bankruptcy Court their Schedules of Assets and Liabilities and Statements of Financial Affairs [Docket Nos. 95-108] (the “**Schedules**”). Information contained herein may differ from that contained in the Schedules due to more accurate information becoming available.

On September 7, 2011, the Bankruptcy Court entered an order (the “**Bar Date Order**”) [Docket No. 252] establishing the following bar dates: (i) October 18, 2011 as (a) the general bar date for filing proofs of claim against the Debtors’ estates and (b) the administrative claims bar date for filing administrative claims against the Debtors’ estates and (ii) January 4, 2011 as the governmental bar date for governmental entities to file proofs of claim against the Debtors’ estates. Following the entry of the Bar Date Order, the Debtors served and published notice of the bar dates and the required procedures with respect to the filings of proofs of claim in the form

and manner approved by the Bankruptcy Court. The Debtors' notice and claims agent is presently retaining all proofs of claim received to date.

2. Postpetition Financing

On the Petition Date, the Debtors filed a motion (the "**DIP Motion**") seeking approval of ongoing access to cash collateral as well as approval to enter into an aggregate \$50 million senior secured super-priority, debtor in possession financing facility (the "**DIP Facility**"). The DIP Facility is secured by a first priority lien on substantially all of the Debtors' unencumbered assets, subject to certain limitations. In addition, the DIP Facility is guaranteed by all of the Debtors with the exception of Lehrhoff ABL LLC.

On July 13, 2011, the Bankruptcy Court entered an order approving the DIP Motion on an interim basis [Docket No. 46].

The final hearing on the motion to approve the DIP Facility was held on August 2, 2011. On August 3, 2011, the Bankruptcy Court entered an order approving the DIP Motion on a final basis [Docket No. 143] (the "**DIP Order**").

The DIP Facility carries an interest rate of prime plus 3.75% per annum. GE Capital Commercial Services, Inc. ("**GE**"), acting as administrative agent for itself and certain other lenders (collectively, the "**DIP Lenders**") received an Upfront Facility Fee (as defined in the DIP Order) equal to 1% of the DIP Lenders' aggregate commitments under the DIP Facility for providing the DIP Facility and a \$100,000 administrative fee. The DIP Facility contains negative and affirmative covenants standard for debtor in possession financing facilities, as well as various operational performance covenants. The Debtors do not believe they will be unable to comply with these covenants. Further, the DIP Facility contains various events of default, including, without limitation, complying with the following milestones (the "**DIP Milestones**"): (1) the Debtors filing a motion seeking Bankruptcy Court approval of the bidding procedures (the "**Bid Procedures Motion**") on the Petition Date; (2) the Bankruptcy Court entering a sale procedures order (the "**Bid Procedures Order**") on or before July 23, 2011; (3) the Debtors holding and completing an auction (the "**Auction**") in compliance with the Bid Procedures Order on or before August 12, 2011; (4) the Bankruptcy Court entering one or more orders approving each winning bid on or before August 17, 2011; and (5) the Debtors executing documents required by the DIP Facility on or before August 22, 2011.

3. The Sale Process

On July 9, 2011, the Debtors filed the Bid Procedures Motion [Docket No. 12]. A hearing on the Bid Procedures Motion was held on July 20, 2011. On July 21, 2011, the Bankruptcy Court entered the Bid Procedures Order [Docket No. 74].

Beginning on August 8, 2011, pursuant to the Bid Procedures Order, the Debtors conducted an auction seeking to sell substantially all of the Debtors' assets. On August 10, 2011, the Debtors selected Gordon Brothers Group, LLC ("**GBG**") as the successful bidder, and the Bankruptcy Court conducted a hearing to approve the sale transaction (the "**Sale Transaction**").

On August 12, 2011, the Bankruptcy Court entered the Order (I) Authorizing the Sale of Certain Assets and (II) Granting Related Relief (the “**Sale Order**”) [Docket No. 207]. On August 15, 2011 the Debtors executed the documents required by the DIP Facility and closed the Sale Transaction.

On August 15, 2011, the sale closing date (the “**Closing Date**”), pursuant to the Sale Order, the Debtors entered into a Transition Services Agreement (the “**TSA**”) to provide certain services to GBG during the period immediately following the Closing Date. The services under the TSA include (i) payroll services; (ii) certain information technology services; and (iii) access to certain employees to provide GBG with the Debtors’ data, books and records and information. The Debtors have successfully met the DIP Milestones.

B. GAAP

The consolidated financial statements and supplemental information contained herein are preliminary and unaudited and may not comply with generally accepted accounting principles in the United States of America (“**GAAP**”) in all material respects. In addition, the consolidated financial statements and supplemental information contained herein represent information for the Debtors only and exclude all non-Debtor affiliates unless otherwise noted.

The unaudited consolidated financial statements have been derived from the Debtors’ books and records. This information, however, has not been subject to certain procedures that would typically be applied to financial information in accordance with GAAP. Upon application of such procedures (such as tests for asset impairment), the Debtors believe that the financial information could be subject to changes, which could be material. The information furnished in this report includes primarily normal recurring adjustments but does not include all adjustments that would typically be made for consolidated financial statements in accordance with GAAP.

C. General Methodology

The Debtors prepared this Monthly Operating Report relying primarily upon the information set forth in their books and records. Consequently, certain transactions that are not identified in the normal course of business in the Debtors’ books and records may not be included in this Monthly Operating Report. Nevertheless, in preparing this Monthly Operating Report, the Debtors made reasonable efforts to supplement the information set forth in their books and records with additional information concerning transactions that may not have been identified therein.

D. Prepetition vs. Postpetition Liabilities

The Debtors allocated liabilities between prepetition and postpetition periods based upon the information available at the time of, and research conducted in connection with, the preparation of this Monthly Operating Report. As additional information becomes available and further research is conducted, the Debtors’ allocation of liabilities between the prepetition and postpetition periods may change. The liability information, except as otherwise noted, is listed as of the close of business as of the end of the month. Accordingly, the Debtors reserve all rights to amend, supplement or otherwise modify this Monthly Operating Report as necessary and appropriate.

E. Liabilities Subject to Compromise

As a result of commencing the Chapter 11 Cases, the payment of prepetition indebtedness is subject to compromise or other treatment under a chapter 11 plan. Generally, actions to enforce or otherwise effect payment of prepetition liabilities are stayed.

F. Liabilities Not Subject to Compromise

Although payment of prepetition claims generally is not permitted, the Bankruptcy Court has authorized the Debtors to pay certain prepetition claims in designated categories and subject to certain terms and conditions pursuant to certain orders entered on July 12, 2011 (the “**First Day Orders**”). This relief generally was designed to preserve the value of the Debtors’ businesses and assets. To the extent such claims have been categorized as “Liabilities Not Subject to Compromise,” the Debtors reserve their right to dispute their obligation to make such payments.

The Debtors have been paying and intend to continue to pay certain undisputed postpetition amounts in the ordinary course of business.

In addition, as a result of the Sale Transaction and the related agreements, including the TSA, expenses incurred but reimbursable by GBG are not considered in these reports as liabilities or expenses, though the transactions are reflected in the Statement of Cash Flows.

G. Reservation of Rights

Given the complexity of the Debtors’ businesses, inadvertent errors, omissions or the overinclusion of contracts or leases may have occurred in the preparation of this Monthly Operating Report. Accordingly, the Debtors hereby reserve all of their rights to dispute the validity, status, enforceability or the executory nature of any claim amounts, representation or other statement in this Monthly Operating Report and reserve the right to amend or supplement this Monthly Operating Report, if necessary.

Nothing contained in this Monthly Operating Report shall constitute a waiver of the Debtors’ rights or an admission with respect to the Chapter 11 Cases, including with respect to any issues involving the Debtors’ ownership interests, substantive consolidation, equitable subordination, defenses and/or causes of action arising under the provisions of chapter 5 of the Bankruptcy Code and any other relevant non-bankruptcy laws.

II. **Notes to Monthly Operating Reports**

A. Notes to MOR-1

Cash is received in accordance with the *Final Order (I) Authorizing Debtors (A) To Obtain Post-Petition Secured Financing Pursuant to 11 U.S.C. §§ 105, 361, 362 and 364, and (B) To Utilize Cash Collateral Pursuant to 11 U.S.C. § 363; (II) Granting Liens and Super-Priority Claims; and (III) Granting Adequate Protection to Pre-Petition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362, 363 and 364* entered on August 3, 2011 [Docket No. 143] (the “**Final Cash Management Order**”) and the related motion filed on July 9, 2011 [Docket No.

14]. The Debtors maintain an integrated cash management system for the purposes of collecting, concentrating, transferring, disbursing and investing cash.

B. Notes to MOR-3

The amount listed in the Wages Payable represents only the Debtors' portion of wages incurred during the reporting period. The balance of the wages incurred was reimbursed by GBG pursuant to the TSA.

Tax figures shown include sales, property, and payroll taxes incurred during the reporting period. These amounts exclude those taxes reimbursed by GBG as required by the TSA.

The amounts listed in Owner's Equity have been calculated in the following manner:

- (i) the Capital Stock includes both preferred and common stock;
- (ii) the Investment in Subsidiary represents the investment in Debtor Expert Warehouse LLC;
- (iii) the Owner's Equity Account amount includes all current year earnings; and
- (iv) the Retained Earnings Prepetition include all prior year retained earnings.

Certain adjustments have been made to the Owner's Equity to reflect further reconciliation of accounts transferred to GBG in the Sale Transaction.

C. Notes to MOR-4

Due to the Debtors' payroll schedule, certain amounts relating to Federal, State and Local Taxes incurred during the reporting period were paid after the close of the reporting period. To accurately reflect the current state of the Debtors' businesses, the Date Paid for these amounts, although after the close of the reporting period, is listed.

D. Notes to MOR-5

Upon the closing of the Sale Transaction and pursuant to the TSA, the Debtors' previously reported Accounts Receivable were transferred to GBG.

E. Notes to MOR-6

The Debtors have not reported payments to professionals utilized in the ordinary course of business. The Debtors and the Committee's retained professionals receive payment pursuant to the *Order Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals Pursuant to 11 U.S.C. §§ 105(a) and 331* [Docket No. 139] entered on August 3, 2011, which provides for the monthly payment of professional fees after the thirty-fifth day following the month for which compensation is sought. The Debtors' retained professionals include Akin Gump Strauss Hauer & Feld LLP, Macquarie Capital (USA) Inc, Garden City Group, Inc. and PricewaterhouseCoopers LLP. The Committee's retained professionals include Cooley LLP and Loughlin Meghji and Company Inc.

The DIP Lenders' professionals receive payment pursuant to the *Final Order (I) Authorizing Debtors (A) To Obtain Post-Petition Secured Financing Pursuant to 11 U.S.C. §§ 105, 361, 362 and 364, and (B) To Utilize Cash Collateral Pursuant to 11 U.S.C. § 363; (II) Granting Liens and Super-Priority Claims; and (III) Granting Adequate Protection to Pre-Petition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362, 363 and 364* [Docket No. 143] entered on August 3, 2011. The DIP Lenders' professionals include Latham & Watkins LLP, FTI Consulting, Inc., Jensen Coddington Financial Consulting Group Inc. and Great American Group Advisory and Valuation Services, LLC.

Hawkwood Consulting LLC was paid pursuant to the *Order Granting Application of Hawkwood Consulting, LLC, as Crisis Managers for the Debtors in Possession, For Approval of Value Added Fee* [Docket No. 253] entered on September 7, 2011.

The amount listed in Utility Deposit/Disbursement Account represents funds held in escrow pursuant to the First Day Orders.

F. Notes to MOR-7

#2: Please see the notes to MOR-1 regarding the Final Cash Management Order.

#12: Certain amounts were paid pursuant to the First Day Orders.

In re ArchBrook Laguna Holdings, LLC, et al.

Case No. 11-13292

Debtor

Reporting Period: 9/1/11 - 9/30/11

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS *

Amounts reported should be from the debtor's books and not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

BANK ACCOUNTS

	OPER	PAYROLL	TAX	OTHER	CURRENT MONTH ACTUAL (TOTAL OF ALL ACCOUNTS)
ACCOUNT NUMBER (LAST 4)					
CASH BEGINNING OF MONTH	3,659,118	-	-	-	3,659,118
RECEIPTS					
CASH SALES					
ACCOUNTS RECEIVABLE - PREPETITION					
ACCOUNTS RECEIVABLE - POSTPETITION					
LOANS AND ADVANCES					
SALE OF ASSETS					
OTHER (ATTACH LIST)	1,407,250				1,407,250
TRANSFERS (FROM DIP ACCTS)					
TOTAL RECEIPTS	1,407,250				1,407,250
DISBURSEMENTS					
NET PAYROLL	646,726				646,726
PAYROLL TAXES					
SALES, USE, & OTHER TAXES	5,596				5,596
INVENTORY PURCHASES					
SECURED/ RENTAL/ LEASES	1,015,469				1,015,469
INSURANCE					
ADMINISTRATIVE	33,350				33,350
SELLING	6,362				6,362
OTHER (ATTACH LIST)	2,182,323				2,182,323
OWNER DRAW					
PAY DOWN OF SECURED LOAN PRINCIPAL & INTEREST	(2,413,495)				(2,413,495)
PROFESSIONAL FEES	2,370,319				2,370,319
U.S. TRUSTEE QUARTERLY FEES					
COURT COSTS					
TOTAL DISBURSEMENTS	3,846,650				3,846,650
NET CASH FLOW	(2,439,401)				(2,439,401)
(RECEIPTS LESS DISBURSEMENTS)					
CASH - END OF MONTH	1,219,717				1,219,717

* See Notes to MOR-1.

Other Disbursements	
Utilities	8,179
Telecommunications	634
Other Operating	36,908
Tax Preparation Fees	105,000
Outstanding Checks	20,435
Other Restructuring	110,487
Receivables Proceeds Remitted Regarding Sale Transaction	1,900,681
Total Other Disbursements	2,182,323

Other Cash Receipts	
Reimbursements Relating to Sale Transaction	1,269,631
Vendor Recovery	216
Vendor Recovery	270
Vendor Recovery	8,095
Customer Recovery	19,918
Customer Recovery	307
	28,807
Recoveries Related to Sale of Expert Warehouse Assets	108,812
Total Other Cash Receipts	1,407,250

In re ArchBrook Laguna Holdings, LLC, et al.

Case No. 11-13292

Debtor

Reporting Period: 9/1/11 - 9/30/11

BANK RECONCILIATIONS

Continuation Sheet for MOR-1

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.

(Bank account numbers may be redacted to last four numbers.)

	Operating	Payroll	Tax	Other
#	#	#	#	#
BALANCE PER BOOKS	\$ 1,219,717.35			
BANK BALANCE	\$ 1,240,152.06			
(+) DEPOSITS IN TRANSIT (<i>ATTACH LIST</i>)				
(-) OUTSTANDING CHECKS (<i>ATTACH LIST</i>):	20,434.71			
OTHER (<i>ATTACH EXPLANATION</i>)				
ADJUSTED BANK BALANCE *	1,219,717.35			

*"Adjusted Bank Balance" must equal "Balance per Books"

(SEE ATTACHED)

Expert Warehouse LLC Bank Reconciliation September 30, 2011 Disbursement account #4725		
Balance per Bank Statement, September 30, 2011	\$	-
Outstanding Checks	\$	374.85
	\$	374.85
Reconciled Bank Balance, September 30, 2011	\$	<u>(374.85)</u>
Reconciled Book Balance, September 30, 2011	\$	<u>(374.85)</u>

Lehrhoff ABL LLC Bank Reconciliation September 30, 2011 Integrated Premium Concepts (IPC) #6843		
Balance per Bank Statement, September 30, 2011	\$	-
Reconciled Bank Balance, September 30, 2011	\$	-
Reconciled Book Balance, September 30, 2011	\$	<u>-</u>

ArchBrook Laguna LLC Bank Reconciliation September 30, 2011 Controlled ABL Disbursement Account #8932		
Balance per Bank Statement, September 30, 2011	\$	-
Deduct:		
Outstanding Checks	\$	16,897.29
		\$ 16,897.29
Reconciled Bank Balance, September 30, 2011		<u>\$(16,897.29)</u>
Reconciled Book Balance, September 30, 2011		<u>\$(16,897.29)</u>

ArchBrook Laguna LLC Bank Reconciliation September 30, 2011 Controlled Disbursement Account #2844	
Balance per Bank Statement, 09/30/2011	\$ 73,339.80
Reconciled Bank Balance, September 30, 2011	<u>73,339.80</u>
Reconciled Book Balance, September 30, 2011	<u>73,339.80</u>

Lehrhoff ABL LLC Bank Reconciliation September 30, 2011 Lehrhoff Disbursement Account #9546	
Balance per Bank Statement, September 30, 2011	\$ 3,915.14
Deduct: O/S checks	\$ 3,162.57
Reconciled Bank Balance, September 30, 2011	<u>\$ 752.57</u>
Reconciled Book Balance, September 30, 2011	<u>\$ 752.57</u>

Lehrhoff ABL LLC Bank Reconciliation September 30, 2011 Integrated Premium Concepts (IPC) #3147	
Balance per Bank Statement, September 30, 2011	\$ -
Reconciled Bank Balance September 30, 2011	<u>\$ -</u>
Reconciled Bank Balance September 30, 2011	<u>\$ -</u>

ArchBrook Laguna Holdings LLC Bank Reconciliation September 30, 2011 Disbursement Account - Bid Escrow Deposit Account #1991	
Balance per Bank Statement, September 30, 2011	1,051,015.44
Reconciled Bank Balance September 30, 2011	<u>1,051,015.44</u>
Reconciled Bank Balance September 30, 2011	<u>1,051,015.44</u>

ArchBrook Laguna LLC Bank Reconciliation September 30, 2011 Controlled Disbursement Account - North #0631	
Balance per Bank Statement, September 30, 2011	\$ -
Reconciled Bank Balance, September 30, 2011	<u>\$ -</u>
Reconciled Book Balance, September 30, 2011	<u>\$ -</u>

ArchBrook Laguna LLC Bank Reconciliation September 30, 2011 Disbursement Account - Utility Deposit Account #1983	
Balance per Bank Statement, September 30, 2011	\$ 48,463.94
Reconciled Bank Balance, September 30, 2011	<u>\$ 48,463.94</u>
Reconciled Book Balance, September 30, 2011	<u>\$ 48,463.94</u>

Lehrhoff ABL LLC Bank Reconciliation September 30, 2011 Disbursement #6329	
Balance per Bank Statement, September 30, 2011	\$ 1,705.06
Reconciled Bank Balance, September 30, 2011	<u>\$ 1,705.06</u>
Reconciled Book Balance, September 30, 2011	<u>\$ -</u>

ArchBrook Laguna Holdings LLC Bank Reconciliation September 30, 2011 Disbursement #9303	
Balance per Bank Statement, September 30,2011	\$ 860.36
Reconciled Bank Balance, September 30, 2011	<u>\$ 860.36</u>
Reconciled Book Balance, September 30, 2011	<u>\$ 860.36</u>

ArchBrook Laguna Holdings LLC Bank Reconciliation September 30, 2011 Disbursement #0171	
Balance per Bank Statement, September 30,2011	\$ 20,059.00
Reconciled Bank Balance, September 30, 2011	<u>\$ 20,059.00</u>
Reconciled Book Balance, September 30, 2011	<u>\$ 20,059.00</u>

ArchBrook Laguna Holdings LLC Bank Reconciliation September 30, 2011 Disbursement #3954	
Balance per Bank Statement, September 30, 2011	\$ -
Reconciled Bank Balance, September 30, 2011	<u>\$ -</u>
Reconciled Book Balance, September 30, 2011	<u>\$ -</u>

ArchBrook Laguna Holdings LLC Bank Reconciliation September 30, 2011 Disbursement #4767	
Balance per Bank Statement, September 30, 2011	\$ -
Reconciled Bank Balance, September 30, 2011	<u>\$ -</u>
Reconciled Book Balance, September 30, 2011	<u>\$ -</u>

ArchBrook Laguna Holdings LLC Bank Reconciliation September 30, 2011 Disbursement #6827	
Balance per Bank Statement, September 30, 2011	\$ 15,784.32
Reconciled Bank Balance, September 30, 2011	<u>\$ 15,784.32</u>
Reconciled Book Balance, September 30, 2011	<u>\$ 15,784.32</u>

ArchBrook Laguna Holdings LLC Bank Reconciliation September 30, 2011 Disbursement #4182	
Balance per Bank Statement, September 30, 2011	\$ 12,500.00
Reconciled Bank Balance, September 30, 2011	<u>\$ 12,500.00</u>
Reconciled Book Balance, September 30, 2011	<u>\$ 12,500.00</u>

ArchBrook Laguna Holdings LLC Bank Reconciliation September 30, 2011 Disbursement #4179	
Balance per Bank Statement, September 30, 2011	\$ 12,509.00
Reconciled Bank Balance, September 30, 2011	<u>\$ 12,509.00</u>
Reconciled Book Balance, September 30, 2011	<u>\$ 12,509.00</u>

Outstanding Checks as of September 30, 2011

<u>Payment Date</u>	<u>Document Num</u>	<u>Payment Amount</u>
8/17/2011	2062	148.44
8/17/2011	2063	909.85
8/23/2011	2072	386.78
9/7/2011	2083	91.24
6/29/2011	83466	17.36
6/30/2011	83472	20.93
6/30/2011	83473	5.70
7/19/2011	83502	77.60
8/11/2011	83582	7,356.92
9/1/2011	83603	18.30
9/21/2011	83608	4,681.93
9/21/2011	83616	322.80
9/30/2011	83620	2,102.08
9/30/2011	83621	53.55
9/30/2011	83622	87.95
9/30/2011	83623	86.96
9/30/2011	83624	109.59
9/30/2011	83625	369.31
9/30/2011	83626	50.00
8/3/2011	52633	2,659.34
9/30/2011	52663	482.28
9/30/2011	52664	20.95
8/10/2011	14858	374.85
		<hr/>
		20,434.71
		<hr/> <hr/>

STATEMENT OF OPERATIONS (Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid

REVENUES	MONTH	CUMULATIVE - FILING TO DATE
Gross Revenues	\$ -	\$ 7,661,168
Less: Returns and Allowances	\$ -	\$ -
Net Revenue	\$ -	\$ 7,661,168
COST OF GOODS SOLD		
Beginning Inventory	\$ -	\$ -
Add: Purchases	\$ -	\$ -
Add: Cost of Labor	\$ -	\$ -
Add: Other Costs (attach schedule)	\$ -	\$ -
Less: Ending Inventory	\$ -	\$ -
Cost of Goods Sold	\$ -	\$ 8,475,548
Gross Profit	\$ -	\$ (814,380)
OPERATING EXPENSES		
Advertising	\$ -	\$ -
Auto and Truck Expense	\$ -	\$ -
Bad Debts	\$ -	\$ -
Contributions	\$ -	\$ -
Employee Benefits Programs	\$ 1,833	\$ 298,356
Officer/Insider Compensation*	\$ -	\$ -
Insurance	\$ -	\$ 61,514
Management Fees/Bonuses	\$ -	\$ -
Operating Expenses	\$ 154,910	\$ 1,277,524
Pension & Profit-Sharing Plans	\$ -	\$ -
Repairs and Maintenance	\$ 545	\$ 357,891
Rent and Lease Expense	\$ -	\$ 310,499
Salaries/Commissions/Fees	\$ 38,996	\$ 1,585,858
Supplies	\$ -	\$ -
Taxes - Payroll	\$ 11,714	\$ 637,312
Taxes - Real Estate	\$ -	\$ 13,730
Taxes - Other	\$ 5,447	\$ 5,447
Travel and Entertainment	\$ -	\$ -
Utilities	\$ 6,107	\$ 6,107
Other (attach schedule)	\$ -	\$ -
Total Operating Expenses Before Depreciation	\$ 219,551	\$ 4,554,237
Depreciation/Depletion/Amortization	\$ -	\$ 448,003
Net Profit (Loss) Before Other Income & Expenses	\$ (219,551)	\$ (5,816,620)
OTHER INCOME AND EXPENSES		
Other (Income) (attach schedule)	\$ (28,807)	\$ (28,807)
Interest Expense	\$ -	\$ -
Other Expense (attach schedule)	\$ -	\$ -
Net Profit (Loss) Before Reorganization Items	\$ (190,745)	\$ (5,787,814)
REORGANIZATION ITEMS		
Professional Fees	\$ 477,993	\$ 5,318,747
U. S. Trustee Quarterly Fees	\$ -	\$ -
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)	\$ -	\$ -
Gain (Loss) from Sale of Equipment	\$ -	\$ -
Other Reorganization Expenses (attach schedule)	\$ 3,157,598	\$ 118,807,093
Total Reorganization Expenses	\$ 3,635,592	\$ 124,125,840
Income Taxes	\$ -	\$ -
Net Profit (Loss)	\$ (3,826,337)	\$ (129,913,654)

*"Insider" is defined in 11 U.S.C. Section 101(31).

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:

Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

Other (Income)		
Recycling vendor	486	486
Supplier recovery	8,095	8,095
Customer recovery	19,918	19,918
Customer recovery	307	307
	28,807	28,807

Other Reorganization Expenses		
DEMG Payment	100,000.00	100,000.00
Sale Transaction expenses	6,917.34	6,917.34
Adjustments to loss on Sale Transaction	3,050,681.00	3,050,681.00
Total Estate funded other restructuring fees	3,157,598.34	3,157,598.34

Debtor

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Reporting Period: 9/1/11 - 9/30/11

BALANCE SHEET *

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from post-petition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE OR SCHEDULED
CURRENT ASSETS			
Unrestricted Cash and Equivalents	120,238	2,480,885	1,789,241
Restricted Cash and Cash Equivalents (<i>see continuation sheet</i>)	1,099,479	1,150,000	-
Accounts Receivable (Net)	93,829	782,600	91,075,986
Notes Receivable	-	-	-
Inventories	-	-	33,204,060
Prepaid Expenses	-	-	224,377
Professional Retainers	-	-	-
Other Current Assets (<i>attach schedule</i>)	-	-	-
TOTAL CURRENT ASSETS	1,313,546	4,413,485	126,293,664
PROPERTY & EQUIPMENT			
Real Property and Improvements	-	-	-
Machinery and Equipment	-	-	2,004,162
Furniture, Fixtures and Office Equipment	-	-	11,483,637
Leasehold Improvements	-	-	156,338
Vehicles	-	-	-
Less: Accumulated Depreciation	-	-	-
TOTAL PROPERTY & EQUIPMENT	-	-	13,644,137
OTHER ASSETS			
Amounts due from Insiders*	-	-	-
Other Assets (<i>attach schedule</i>)	-	-	6,467,205
TOTAL OTHER ASSETS	-	-	6,467,205
TOTAL ASSETS	1,313,546	4,413,485	146,405,005
LIABILITIES AND OWNER EQUITY			
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)			
Accounts Payable	321,447	925,879	-
Taxes Payable (<i>refer to FORM MOR-4</i>)	1,728	42,647	-
Wages Payable	7,373	45,000	-
Notes Payable	-	-	-
Rent / Leases - Building/Equipment	24,075	310,499	-
Secured Debt / Adequate Protection Payments	-	-	-
Professional Fees	3,227,824	3,945,515	-
Amounts Due to Insiders**	-	-	-
Other Post-petition Liabilities (<i>attach schedule</i>)	-	-	-
TOTAL POST-PETITION LIABILITIES	3,582,447	5,269,540	-
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)			
Secured Debt	6,051,010	3,637,514	37,330,085
Priority Debt	-	-	-
Unsecured Debt	84,993,554	84,993,554	82,912,554
TOTAL PRE-PETITION LIABILITIES	91,044,564	88,631,068	120,242,639
TOTAL LIABILITIES	94,627,011	93,900,608	120,242,639
OWNERS' EQUITY			
Capital Stock	76,786,154	76,786,154	76,786,154
Additional Paid-In Capital	-	-	-
Investment in Subsidiary	541,139	541,139	541,139
Owner's Equity Account	(2,375,110)	(2,375,110)	(2,375,110)
Retained Earnings - Pre-Petition	(48,789,816)	(48,789,816)	(48,789,816)
Retained Earnings - Post-petition	(775,656)	-	-
Adjustments to Owner Equity (<i>attach schedule</i>)	(118,700,176)	(115,649,495)	-
Post-petition Contributions (<i>attach schedule</i>)	-	-	-
NET OWNERS' EQUITY	(93,313,465)	(89,487,129)	26,162,366
TOTAL LIABILITIES AND OWNERS' EQUITY	1,313,546	4,413,480	146,405,006

* See Notes to MOR-3 ** "Insider" is defined in 11 U.S.C. Section 101(31).

BALANCE SHEET - continuation section *

OWNERS EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE
Adjustments to Owner's Equity			
Loss (Gain) from Sale Transaction	123,183,657	120,132,976	-
Loss from Hyperams open box transaction	2,787,619	2,787,619	-
Other write offs relating to balance sheet re-valuation	(7,271,100)	(7,271,100)	-

STATUS OF POST-PETITION TAXES *

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.

Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.

Attach photocopies of any tax returns filed during the reporting period.

Federal	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Date Paid	Check # or EFT	Ending Tax
Withholding	0	44,338	44,338	14-Oct		
FICA-Employee	0	12,627	12,627	14-Oct		
FICA-Employer	0	18,640	18,640	14-Oct		
Unemployment	0	3	3	14-Oct		
Income	0					
Medicare employee	0	5,487	5,487	14-Oct		
Medicare employer	0	5,487	5,487	14-Oct		
Total Federal Taxes		86,581	86,581	14-Oct		
State and Local						
Withholding, SUI, SDI, SWT	0	14,663	14,663	14-Oct		
Sales, Excise, and business taxes	0	459	459	22-Sep		
Excise	0					
Unemployment	0					
Real Property	0					
Personal Property	0					
Other: partnership income	0	5,137.00	5,137.00	27-Sep		
Total State and Local	0	20,259	20,259			
Total Taxes						

* See Notes to MOR 4.

SUMMARY OF UNPAID POST-PETITION DEBTS *

Attach aged listing of accounts payable.

	Number of Days Past Due					
	Current	0-30	31-60	61-90	Over 91	Total
Accounts Payable	321,447					
Wages Payable	7,373					
Taxes Payable	1,728					
Rent/Leases-Building						
Rent/Leases-Equipment	24,075					
Secured Debt/Adequate Protection Payments						
Professional Fees	3,227,824					
Amounts Due to Insiders						
Other: _____						
Other: _____						
Total Post-petition Debts	3,582,447					

* See Notes to MOR 4.

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING *

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	-
Plus: Amounts billed during the period	
Less: Amounts collected during the period	
Total Accounts Receivable at the end of the reporting period	

Accounts Receivable Aging	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old					
31 - 60 days old					
61 - 90 days old					
91+ days old					
Total Accounts Receivable					
Less: Bad Debts (Amount considered uncollectible)					
Net Accounts Receivable					

* See Notes to MOR-5

TAXES RECONCILIATION AND AGING *

Taxes Payable	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old					
31 - 60 days old					
61 - 90 days old					
91+ days old					
Total Taxes Payable					
Total Accounts Payable					

* See Notes to MOR-5

Of the total disbursements shown on the Cash Receipts and Disbursements Report (MOR-1) list the amount paid to insiders (as defined in Section 101(31) (A)-(F) of the U.S. Bankruptcy Code) and to professionals. For payments to insiders, identify the type of compensation paid (e.g. Salary, Bonus, Commissions, Insurance, Housing Allowance, Travel, Car Allowance, Etc.). Attach additional sheets if necessary.

* See Notes to MOR-6

* See Notes to MOR-6

* See notes to MOR-6

Debtor

Reporting Period: 9/1/11 - 9/30/11

DEBTOR QUESTIONNAIRE *

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.		Yes	No
1	Have any assets been sold or transferred outside the normal course of business this reporting period?		x
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?	x	
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		x
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		x
5	Is the Debtor delinquent in paying any insurance premium payment?		x
6	Have any payments been made on pre-petition liabilities this reporting period?		x
7	Are any post petition receivables (accounts, notes or loans) due from related parties?		x
8	Are any post petition payroll taxes past due?		x
9	Are any post petition State or Federal income taxes past due?		x
10	Are any post petition real estate taxes past due?		x
11	Are any other post petition taxes past due?		x
12	Have any pre-petition taxes been paid during this reporting period?	x	
13	Are any amounts owed to post petition creditors delinquent?		x
14	Are any wage payments past due?		x
15	Have any post petition loans been received by the Debtor from any party?		x
16	Is the Debtor delinquent in paying any U.S. Trustee fees?		x
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		x
18	Have the owners or shareholders received any compensation outside of the normal course of business?		x

* See Notes to MOR-7